

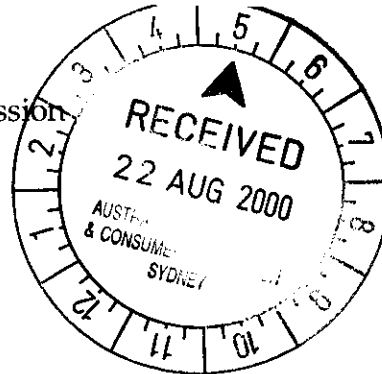
■ PHILLIPS FOX ■
LAWYERS

22 August 2000



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Ms Glen Barnwell
Regional Director
Australian Competition & Consumer Commission
Level 5, Skygarden
77 Castlereagh Street
SYDNEY NSW 2000



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Dear Ms Barnwell

GETONBOARD PTY LTD – THIRD LINE FORCING NOTIFICATION
Our Ref: PRH 2263064

I act for GetonBoard Pty Ltd.

I enclose our clients Notification under Section 93(1) of the Trade Practices Act 1974 and supporting submission for consideration by the Australian Competition & Consumer Commission, together with our clients cheque in the amount of \$1,000.00 for the lodgement fee.

We look forward to the commissions early response to this Notification. Should you require any further information please do not hesitate to contact me.

Yours sincerely

Contact: Paul Holm
Partner
Direct Line: 9286-8035
Email: prh@sydney.phillipsfox.com.au

COMMONWEALTH OF AUSTRALIA
TRADE PRACTICES ACT 1974 - SUB SECTION 93(1)

Exclusive Dealing: Notification

TO: The Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with Sub-Section 93(1) of the Trade Practices Act 1974, of particulars of conduct or of proposed conduct of a kind referred to in Sub-Section 47(6) or (7) of that Act in which the person giving notice engages or proposes to engage.

1 (a) Name of Person Giving Notice:

Getonboard Pty Limited ("Getonboard")
ACN 094 076 061
Level 12, 32 Martin Place,
SYDNEY 2000

(b) Short description of business carried on by that person:

Getonboard will be marketing and facilitating the sale of a bundle of goods and services consisting of a personal computer, Internet Service Provider ("ISP") services and optional finance

(c) Address in Australia for service of documents on that person:

c/- Paul Holm
Partner
Phillips Fox
255 Elizabeth Street
SYDNEY NSW 2000

2 (a) Short description of the goods or services in relation to the supply or acquisition of which this Notice relates:

Supply of personal computers, ISP services and personal finance.

(b) Description of the conduct or proposed conduct:

Getonboard will be facilitating the supply of personal computers by Gateway Pty Ltd. Gateway proposes to supply personal computers at a particular price, or give or allow a discount, allowance or rebate on

the sale price of personal computers, on condition that the purchaser acquire internet services from Getonboard.

Getonboard will be supplying ISP services at a particular price, or give or allow a discount, allowance or rebate on the price of ISP services, on condition that the purchaser acquire personal computers from Gateway.

NRMA Building Society Limited proposes to supply personal finance, through a credit card facility, at a particular price, or to give or allow a discount, allowance or rebate on the finance cost, on condition that the purchaser acquire personal computers from Gateway, and ISP services from Getonboard.

It is submitted that the proposed arrangements will not have a significant anti-competitive effect in the markets for the retail sale of personal computers, internet service provision or personal finance.

The proposed conduct has little anti-competitive effect because:

- The markets for the retailing of personal computers, provision of internet services and personal finance are all characterised by having a large number of providers and vigorous competition;
- This arrangement will expand consumer choice. Consumers will now have the option of purchasing the product/services individually from sellers of personal computers and ISP, or purchasing the bundled computer/ISP services;
- All conditions relating to the acceptance of the offer will be clearly disclosed to customers.

The proposed conduct provides public benefit in that:

- A major barrier to many people gaining access to the internet is the initial cost of acquiring an internet capable computer. This barrier is significantly reduced by this offer, which removes the initial up front cost of a personal computer and provides a reduction on the total cost of separately acquiring equivalent goods and services;
- It will provide convenience to customers by providing them with one point of sale for purchasing both a personal computer and ISP services;
- It will exert downward pressure on prices for computers and internet access by increasing competition amongst computer sellers and ISPs.

(For information on the proposed conduct see Annexure 1.)

3 (a) Class or classes of persons to which the conduct relates:

Customers and potential customers of Getonboard.

(b) Number of those persons:

(i) **at the present time:** -as in 3(a) above

(ii) **within the next year:** - as in 3(a) above

(c) Where the number of persons stated in item 3(b)(i) is less than 50, their names and addresses:

Not applicable.

4 Name and address of person authorised by the person giving this Notice to provide additional information in relation to this Notice:

Paul Holm, Phillips Fox, 255 Elizabeth Street, Sydney NSW 2000

DATED: 22 August 2000

Signed on behalf of the person giving this notice



.....
Paul Holm
Partner
Phillips Fox



Annexure 1

Further description of conduct referred to in paragraph 2.

Gateway will manufacture computers for customers of Getonboard on a “just in time” basis. The standard computers offered in various packages by Getonboard would normally retail at approximately \$1499. Getonboard will facilitate the supply of these computers (with various additional externally purchased software) to persons who enter into a three and a half year ISP contract with Getonboard for the provision of ISP services. Customers will be given the option of financing the purchase and the ISP connection charge with NRMA Building Society; or purchasing the personal computer and three and a half years ISP services by making a single up front payment.

The cost of the package will vary depending upon the package chosen. The standard package will be either \$1637.50, if purchased outright, or \$9.95 per week for 182 weeks. The standard package provides a Gateway Neo computer with Microsoft Works Suite 2000 software and internet access. Internet access will be unlimited to the “Freezone”, which includes over 4000 popular websites and 1 hours access to the world wide web between 8am and 11`pm and 2 hours each evening from 11pm to 8am. Additional internet access can be purchased for a further payment of \$2.50 per week

If the customer chooses to finance the purchase, this will be done through a credit card facility opened by the customer with NRMA Building Society. This account will finance the amount of \$1810.90 for this basic package, which is paid off by the customer in instalments of \$9.95 per week. This amount will be financed at a concessionary interest rate of 9.5%. The outstanding balance can be paid off at any time. The customer will also have to pay an initial \$60.00 application fee to open the credit card account. Once the amount financed has been paid and the ISP contract expires, the customer owns the hardware and can go elsewhere, if they choose, for ISP services.

Customer benefits would include:

- Acquiring a personal computer for a minimal initial outlay;
- Acquiring competitive internet access from a high quality ISP;
- Acquiring a competitive rate for personal finance.